

legal counsel to bring separate action against the loan originator. This bill attempts to address that. An assignee liability is an important feature of this measure.

Mr. BACHUS. Mr. Chairman, at this time I yield 2 minutes to the gentleman from South Carolina (Mr. BARRETT).

Mr. BARRETT of South Carolina. I thank the gentleman for yielding.

Mr. Chairman, I have a lot of faith in the American people. I believe that, given the proper tools, they can best decide how to spend their money. I also believe they can best determine how to borrow money, just as lenders can best determine who should be lent money. In other words, I trust free choice in the free market. Businesses should be able to take risks just as consumers should be able to. With these risks, come consequences.

However, I understand we have a major problem on our hands, a problem that has spread far beyond the housing market to the heart of the American economy. Some homeowners are struggling to make mortgages they can't afford and financial institutions are stuck holding mortgages that probably will not be repaid. But to say all subprime mortgages are bad is an incorrect conclusion.

Unfortunately, this legislation, Mr. Chairman, will not help those who today are in danger of losing their homes, and it will certainly not help the availability of credit for those purchasing homes in the future. This legislation will not add confidence to the credit market and will not help our housing market find its footing.

I was a small business owner in another life, and I understand when we make certain types of loans cost-prohibitive by adding burdensome regulation or liability, all those loans will simply stop being made. When we ban compensation for certain types of loans, the originators have no reason to make them, especially when they are now subject again to these new regulations and liabilities.

Rather than ensuring this market works smoothly through increased oversight and transparency, we are effectively legislating these loans out of existence and further tightening our credit markets. It is not a good thing for our housing market, our economy, or the free choice of our homeowners.

Unfortunately, Mr. Chairman, I must oppose H.R. 3915, and I urge my colleagues to do the same.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 2 minutes to another member of the committee who has been very active in this issue, the gentleman from Minnesota (Mr. ELLISON).

Mr. ELLISON. First of all, let me thank the gentleman from Massachusetts for leading this important debate in our country. No doubt, the American Dream has always been homeownership and yet, with exploding ARMs, with prepayment penalty and other such exotic products, that dream of home-

ownership has become an American nightmare.

Mr. Chairman, I'd love to be able to take every Member of this body through a tour of north Minneapolis. There are blocks on my community where every other house is boarded and vacant. The fact is that for the people who have made every single mortgage payment, and never late, they suffer because of this crisis because their home values have been dropping and plummeting.

We have seen our cities suffer, we have seen communities become unattractive nuisances, which were once vibrant places where people owned their own homes and did well. It's not because the market worked right; it's because it worked wrong. It's because of defective financial products, defective financial products which are addressed in this bill.

It's important to understand that this bill is not designed to harm the subprime market. It's designed to reform and correct it and make it work properly, Mr. Chairman. The fact is that it does not help any homeowner who gets into a 227 with a prepayment penalty, who eventually can't pay the mortgage after it explodes in their face and then lose their home. We are not better off because of something that happens like that. That is what this bill is here to stop.

So, Mr. Chairman, let me say that this is an important part of making the American Dream come true for middle-class Americans, making sure that when they buy a home, they can actually keep that home and that it will be a product that can enhance themselves and their families and the communities they come from.

Mr. BACHUS. Mr. Chairman, I yield 3 minutes to the gentlewoman from Illinois (Mrs. BIGGERT).

Mrs. BIGGERT. I thank the gentleman for yielding.

Mr. Chairman, I would like to thank Chairman FRANK and Ranking Member BACHUS for working with Members from both sides of the aisle to craft legislation to help consumers secure sound mortgages and shine a light on the mortgage practices from day one of the home-buying process. I would also like to associate myself with the remarks of our distinguished ranking member, Mr. BACHUS, and add just a few points.

First, I would like to thank Chairman FRANK for adding two of my bills to the underlying legislation, H.R. 3019, the Expand and Preserve Homeownership Through Counseling Act, which has become title IV of the bill; and H.R. 3017, the Stop Mortgage Fraud Act, which has become section 212 of the bill.

Why are these important? Well, first, for so many, the problems out there could have been avoided through one simple thing: housing counseling. If consumers understand what they are getting into before signing on the dotted line for a mortgage, they would be

armed with the ability to make better decisions about a mortgage. Title IV elevates housing counseling within HUD, and the Office of Housing Counseling will expand HUD's capacity to offer grants to States and local agency.

The language also tasks HUD with conducting a study on defaults and foreclosures and launching a national housing outreach campaign so that consumers know where to find a legitimate HUD-certified counselor. They can get the help they need now to buy and keep their homes.

Second, section 212 of the bill authorizes additional funds for the FBI investigators and Justice Department prosecutors to crack down on mortgage fraud. It's no secret that organized crime gangs, many operating in Chicago, have discovered a more lucrative business than drugs. Mortgage fraud scam artists inflate appraisals, flip properties, and lie about information, such as income and identity on loan applications.

Finally, as a former real estate attorney, I know that any mortgage legislation reform should first aim to do no harm. By that, I mean five basic pieces. First, it should preserve access to credit and homeownership opportunities for qualified low- and middle-income borrowers; second, facilitate transparency in the mortgage market; third, create a level playing field; fourth, promote strong underwriting standard; and, fifth, foster competition.

Achieving these objectives is critical for both primary and secondary mortgage market participants, from homeowners to investors. Has the bill under consideration fully realized these goals? I would say we have come a long way on mortgage reform, but our work is not finished. Today, several Members will offer amendments to improve the bill: the manager's amendment offered by Mr. FRANK and Mr. BACHUS, and additional amendments by Ms. GINNY BROWN-WAITE, Mr. GARRETT, Mr. HENSARLING, Mr. MCHENRY, Mr. GARY MILLER, and Mr. PRICE. I urge my colleagues to support these amendments. I would like to particularly thank Mr. KANJORSKI for working with me on H.R. 3537, which we will offer as an amendment today.

It's important for future American homeowners and our economy that we put political agendas aside and get this right. Too much action and we worsen the problem; too little action and we allow it to happen again.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield 2 minutes to the gentlewoman from New York (Mrs. MALONEY), chairman of the Subcommittee on Financial Institutions of the Committee on Financial Services.

(Mrs. MALONEY of New York asked and was given permission to revise and extend her remarks.)

Mrs. MALONEY of New York. I thank Chairman FRANK and my colleagues, Congressmen WATT and MILLER, from the great State of North Carolina, who passed legislation in the